

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

MAY 22, 2000

IN RE:

**APPLICATION OF DIECA COMMUNICATIONS, INC.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY AS A COMPETING
TELECOMMUNICATIONS SERVICES PROVIDER**

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) **DOCKET NO. 99-00823**
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**ORDER GRANTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

On March 28, 2000, this matter came before the Tennessee Regulatory Authority ("Authority"), upon the Application of DIECA Communications, Inc. ("DIECA") for a Certificate of Public Convenience and Necessity as a Competing Telecommunications Services Provider to offer a full array of telecommunications services within the State of Tennessee (the "Application"). The Application was made pursuant to Tenn. Code Ann. § 65-4-201 *et seq.*

LEGAL STANDARD FOR GRANTING CCN

DIECA's Application was considered in light of the criteria for granting a certificate of public convenience and necessity ("CCN") as set forth in applicable statutes. Tenn. Code Ann. § 65-4-201 provides, in part:

(a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any

plant, line, system or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate . . .

* * *

(c) After notice to the incumbent local exchange telephone company and other interested parties and following a hearing, the authority shall grant a certificate of convenience and necessity to a competing telecommunications service provider if after examining the evidence presented, the authority finds:

(1) The applicant has demonstrated that it will adhere to all applicable commission policies, rules and orders; and

(2) The applicant possesses sufficient managerial, financial, and technical abilities to provide the applied for services.

An authority order, including appropriate findings of fact and conclusions of law, denying or approving, with or without modification, an application for certification of a competing telecommunications service provider shall be entered no more than sixty (60) days from the filing of the application.

(d) Subsection (c) is not applicable to areas served by an incumbent local exchange telephone company with fewer than 100,000 total access lines in this state unless such company voluntarily enters into an interconnection agreement with a competing telecommunications service provider or unless such incumbent local exchange telephone company applies for a certificate to provide telecommunications services in an area outside its service area existing on June 6, 1995.

In addition, pursuant to Tenn. Code Ann. § 65-5-212, competing telecommunications providers are required to file with the Authority (1) a plan containing the provider's plan for purchasing goods and services from small and minority-owned telecommunications businesses and (2) information on programs that might provide technical assistance to such businesses.

INTERVENORS

Public notice of the hearing in this matter was made by the Authority's Executive Secretary, pursuant to Tenn. Code Ann. § 65-4-204. No interested persons sought intervention prior to or during the hearing.

DIECA'S HEARING

DIECA's Application was uncontested. At the hearing held on March 28, 2000, DIECA was represented by Mr. Henry Walker and Ms. April Ingram of Boulton, Cummings, Conners & Berry, PLC, 414 Union Street, Suite 1600, Post Office Box 198062, Nashville, Tennessee 37219. In addition, Mr. Tom Allen, Vice President for ILEC Relations of DIECA's parent company Covad Communications Group, Inc., presented testimony and was subject to examination by the Authority's Directors. Upon DIECA's conclusion of the proof in its case, the Authority granted DIECA's Application based upon the following findings of fact and conclusions of law:

I. APPLICANT'S QUALIFICATIONS

1. DIECA is a corporation organized under the laws of the State of Virginia.
2. The complete street address of DIECA's principal place of business is 2330 Central Expressway, Santa Clara, California 95050. The phone number is (408) 844-7500. DIECA's local counsel are Henry Walker, Esq. and April A. Ingram, Esq., 414 Union Street, Post Office Box 198062, Nashville, TN 37219.
3. The Application and supporting documentary information existing in the record indicate that DIECA has the requisite technical and managerial ability necessary to provide telecommunications services within the State of Tennessee. Specifically, DIECA's management and technical teams have extensive expertise in the telecommunications industry. DIECA and/or its affiliates are authorized to provide local exchange and interexchange telecommunications services in 29 states.
4. DIECA has the necessary capital and financial capability to provide the services it proposes to offer.
5. DIECA has represented that it will adhere to all applicable policies, rules and orders of the Authority.

II. PROPOSED SERVICES

1. DIECA intends to offer a full array of telecommunications services throughout the State of Tennessee as a reseller and provider of switched local exchange service and exchange access service. DIECA's exchange services will include high speed "always on" connectivity using xDSL technology to connect the employees of corporate customers to their corporate LAN/WANs from the employees' residences, and customer ISP end users from their residences and businesses to ISP facilities. DIECA's target market for its services will be both residential and business customers.

2. Except as may be authorized by law, DIECA does not intend to serve any areas currently being served by an incumbent local telephone company with fewer than 100,000 total access lines where local exchange competition is prohibited pursuant to Tenn. Code Ann. § 65-4-201(d).

III. PERMITTING COMPETITION TO SERVE THE PUBLIC CONVENIENCE AND NECESSITY

Upon a review of the Application and the record in this matter, the Authority finds that approval of DIECA's application would inure to the benefit of the present and future public convenience by permitting competition in the telecommunications services markets in the State and by fostering the development of an efficient, technologically advanced, statewide system of telecommunications services.

IV. SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN & BUSINESS ASSISTANCE PROGRAM

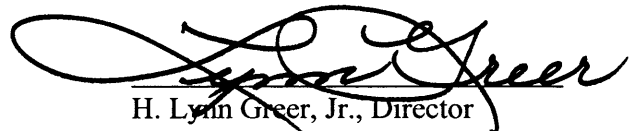
1. DIECA has filed a satisfactory small and minority-owned telecommunications business participation plan, pursuant to Tenn. Code Ann. § 65-5-212 and the Authority's Rules.

2. DIECA has acknowledged its obligation to contribute to the funding of the small and minority-owned telecommunications business assistance program, as set forth in Tenn. Code Ann. § 65-5-213.

IT IS THEREFORE ORDERED THAT:


1. DIECA's Application as applied for is approved;
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order;
and
3. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary